

DEPARTMENT OF STATE REVENUE

LETTER OF FINDINGS NUMBER: 98-0296P

**Gross Income Tax
Calendar Years 1994, 1995, and 1996**

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ISSUE(S)

I. **Tax Administration** – Penalty

Authority: IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

STATEMENT OF FACTS

Taxpayer, incorporated in Delaware on July 10, 1986 was audited for calendar years 1994 through 1996. Upon audit it was discovered that the taxpayer failed to report gross income for calendar years 1995.

Taxpayer requests that the department waive the negligence penalty.

I. **Tax Administration** – Penalty

DISCUSSION

Taxpayer was assessed a negligence penalty because it failed to report gross income for calendar year 1995.

Taxpayer, in a letter dated May 4, 1998 protested penalties assessed and states that it is a diligent taxpayer and puts forth a good faith effort to file properly in all tax jurisdictions. Further they do not intentionally disregard the laws and regulations of Indiana or any other jurisdiction.

Upon audit, it was discovered that Taxpayer was a partner owning fifty percent (50%) of a partnership. In 1996 the partnership was dissolved and the taxpayer became an inactive company. The partnership

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PAGE #2

had inventory and property in Indiana. 45 IAC 1-1-159.1 is clear regarding Gross Income Tax on Partnership distributions and the taxpayer has not provided reasonable cause for the waiver of penalty.

FINDING

Taxpayer's protest is denied.